



Dave Yost • Auditor of State

**TRI-COUNTY CAREER CENTER
ATHENS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Tri-County Career Center
Athens County
15676 St. Rt. 691
Nelsonville, Ohio 45764

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio (the Center), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Center's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-County Career Center, Athens County, Ohio, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the Center adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Center's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) presents additional analysis and is not a required part of the basic financial statements.

The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2014, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

Columbus, Ohio

January 24, 2014

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TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

The discussion and analysis of the Tri-County Career Center's (the "Center") financial performance provides an overview and analysis of the Center's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Center's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Center's financial performance.

Financial Highlights

- Total assets of the Center exceeded its liabilities and deferred inflows of resources at June 30, 2013 by \$5,400,833. This balance was comprised of \$1,365,069 in net investment in capital assets, \$374,602 in net position restricted for specific purposes, and \$3,661,162 in unrestricted net position.
- In total, net position of governmental activities increased by \$434,402, which represents a 9.35 percent increase from 2012. Net position of the business-type activities increased \$20,194, which represents a 6.68 percent increase from 2012.
- General revenues accounted for \$6,966,757 or 88.74 percent of all revenues of governmental activities. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$884,041 or 11.26 percent of total revenues of \$7,850,798 for the governmental activities.
- The Center had \$7,391,396 in expenses related to governmental activities; only \$884,041 of these expenses was offset by program specific charges for services and sales, grants and contributions. General revenues (primarily taxes and grants and entitlements) of \$6,966,757 were used to provide for the remainder of these programs.
- The Center had \$1,027,563 in expenses related to business-type activities; 90.62 percent of these expenses was offset by program specific charges for services and sales, grants and contributions.
- The Center recognizes one major governmental fund: the General Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other governmental funds of the Center combined. The General Fund had \$7,002,609 in revenues and \$6,070,330 in expenditures in fiscal year 2013.
- The Center recognizes one major proprietary fund: the Adult Education Fund. In terms of dollars received and spent, the Adult Education Fund is significantly larger than all the other proprietary funds of the Center combined. The Adult Education Fund had \$733,490 in operating revenues and \$954,896 in operating expenses in fiscal year 2013.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand Center as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements. The Center's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Reporting the Center as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Center's finances, in a manner similar to private-sector business. The statement of net position and statement of activities provide information about the activities of the whole Center, presenting both an aggregate view of the Center's finances and a longer-term view of those finances. These statements include all assets, liabilities and deferred outflows and inflows of resources using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net position presents information on all of the Center's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the Center as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the Center's goal is to provide services to our students, not to generate profits as commercial entities do.

The statement of activities presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the Center's activities are divided into two distinct kinds of activities: governmental activities and business-type activities.

Governmental Activities

Most of the Center's programs and services are reported here including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

Business-Type Activities

These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Center's uniform school supplies, rotary and adult education operations are reported as business-type activities.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
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(Unaudited)

Reporting the Center's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Center can be divided into one of three categories: governmental, proprietary and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the Center as a whole.

Fiduciary Funds

The Center's only fiduciary fund is an agency fund. We exclude these activities from the Center's other financial statements because the Center cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the Center as a whole, showing assets, liabilities and deferred inflows of resources and the difference between them (net position). Table 1 provides a summary of the Center's net position for 2013 compared to fiscal year 2012:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<u>Assets:</u>						
Current and Other Assets	\$7,457,798	\$6,838,687	\$229,624	\$200,966	\$7,687,422	\$7,039,653
Capital Assets, Net	1,243,809	1,364,462	121,260	132,062	1,365,069	1,496,524
<i>Total Assets</i>	8,701,607	8,203,149	350,884	333,028	9,052,491	8,536,177
<u>Liabilities:</u>						
Long-Term Liabilities	447,015	482,919	11,151	12,027	458,166	494,946
Other Liabilities	583,572	708,829	17,330	18,792	600,902	727,621
<i>Total Liabilities</i>	1,030,587	1,191,748	28,481	30,819	1,059,068	1,222,567
<u>Deferred Inflows of Resources:</u>						
	2,592,590	2,367,373	0	0	2,592,590	2,367,373
<u>Net Position:</u>						
Invested in Capital Assets	1,243,809	1,364,462	121,260	132,062	1,365,069	1,496,524
Restricted	374,602	524,354	0	0	374,602	524,354
Unrestricted	3,460,019	2,755,212	201,143	170,147	3,661,162	2,925,359
<i>Total Net Position</i>	<u>\$5,078,430</u>	<u>\$4,644,028</u>	<u>\$322,403</u>	<u>\$302,209</u>	<u>\$5,400,833</u>	<u>\$4,946,237</u>

Current and other assets increased \$648,769 or 9.22 percent from fiscal year 2012. This increase is mostly the result of an increase in cash and cash equivalents held by the Center.

Capital assets decreased \$131,455 or 8.78 percent, the result of current year depreciation.

Long term liabilities decreased \$36,780 or 7.43 percent, due to a decrease in compensated absences payable.

Current (other) liabilities decreased \$126,719 due primarily to a decrease in accrued wages and benefits, and matured compensated absences payable.

The net position of the Center's business-type activities increased \$20,194 or 6.68 percent. This change is mostly due to the adult education program.

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Management's Discussion and Analysis
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(Unaudited)

For governmental activities, the Center's smallest portion of net position of \$374,602 or 7.38 percent is restricted for specific purposes. The restricted net position is subject to external restrictions on how they may be used.

The largest portion of net position for governmental activities is unrestricted of \$3,460,019 or 68.13 percent. Unrestricted net position represents resources that may be used to meet the Center's ongoing obligations to its students and creditors.

The next largest balance for governmental activities of \$1,243,809 or 24.49 percent is the net position related to amounts invested in capital assets. The Center used these capital assets to provide services to students; consequently, these assets are not available for future spending.

Table 2 shows the changes in net position for fiscal year 2013, and provides a comparison to fiscal year 2012.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<u>Revenues:</u>						
<i>Program Revenues:</i>						
Charges for Services and Sales	\$33,131	\$46,669	\$694,837	\$760,318	\$727,968	\$806,987
Operating Grants and Contributions	850,910	1,046,090	236,391	235,320	1,087,301	1,281,410
<i>General Revenues:</i>						
Property Taxes	3,131,345	2,995,834	0	0	3,131,345	2,995,834
Unrestricted Grants and Entitlements	3,806,056	3,861,922	0	0	3,806,056	3,861,922
Investment Earnings	6,088	5,858	0	0	6,088	5,858
Miscellaneous	23,268	29,834	91,529	8,666	114,797	38,500
Total Revenues	7,850,798	7,986,207	1,022,757	1,004,304	8,873,555	8,990,511
<u>Expenses:</u>						
<i>Program Expenses:</i>						
<i>Instruction:</i>						
Regular	237,167	384,167	0	0	237,167	384,167
Vocational	3,551,212	3,672,025	0	0	3,551,212	3,672,025
Adult/Continuing	305,556	363,458	0	0	305,556	363,458

(Continued)

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<i>Support Services:</i>						
Pupils	343,327	430,141	0	0	343,327	430,141
Instructional Staff	100,839	117,902	0	0	100,839	117,902
Board of Education	111,828	83,672	0	0	111,828	83,672
Administration	706,917	790,734	0	0	706,917	790,734
Fiscal	413,910	453,008	0	0	413,910	453,008
Business	66,377	71,295	0	0	66,377	71,295
Operation and Maintenance of Plant	1,179,832	1,434,138	0	0	1,179,832	1,434,138
Pupil Transportation	2,038	1,390	0	0	2,038	1,390
Central	169,525	170,713	0	0	169,525	170,713
Operation of Non-Instructional Services	195,756	209,217	0	0	195,756	209,217
Extracurricular Activities	7,112	4,073	0	0	7,112	4,073
Adult Education	0	0	955,187	1,032,153	955,187	1,032,153
Rotary	0	0	35,174	50,595	35,174	50,595
Uniform School Supplies	0	0	37,202	27,895	37,202	27,895
<i>Total Expenses</i>	<u>7,391,396</u>	<u>8,185,933</u>	<u>1,027,563</u>	<u>1,110,643</u>	<u>8,418,959</u>	<u>9,296,576</u>
Excess Revenues (Expenses) Before Transfers	459,402	(199,726)	(4,806)	(106,339)	454,596	(306,065)
Transfers	(25,000)	(25,000)	25,000	25,000	0	0
<i>Changes in Net Position</i>	<u>434,402</u>	<u>(224,726)</u>	<u>20,194</u>	<u>(81,339)</u>	<u>454,596</u>	<u>(306,065)</u>
Net Position at Beginning of Year	<u>4,644,028</u>	<u>4,868,754</u>	<u>302,209</u>	<u>383,548</u>	<u>4,946,237</u>	<u>5,252,302</u>
Net Position at End of Year	<u>\$5,078,430</u>	<u>\$4,644,028</u>	<u>\$322,403</u>	<u>\$302,209</u>	<u>\$5,400,833</u>	<u>\$4,946,237</u>

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

The most significant program expenses for the Center's governmental activities are Vocational Instruction, Operation and Maintenance of Plant, Administration, Fiscal and Pupils. These program expenses account for 83.82 percent of the total governmental activity expenses. Vocational Instruction, which accounts for 48.05 percent of the total, represents costs associated with providing instructional activities designed to prepare students to enter into the workforce with education in a trade or technical skills. Operation and Maintenance of Plant, which represents 15.96 percent of the total, represents costs associated with operating and maintaining the Center's facilities. Administration, which accounts for 9.57 percent of the total, represents costs associated with the overall administrative responsibility for each building and the Center as a whole. Fiscal, which represents 5.60 percent of the total, represents cost associated with activities concerned with the financial operation of the district. Pupils, which represents 4.64 percent of the total, represents costs associated with activities designed to assess and improve the well-being of pupils and supplement the teaching process.

The majority of the funding for the most significant programs indicated above is from property taxes and grants and entitlements not restricted for specific programs. Property taxes and grants and entitlements not restricted for specific programs account for 88.37 percent of total revenues for governmental activities.

The most significant program expense for the Center's business-type activities is Adult Education. This program, which accounts for 92.96 percent of the total business-type activities, represents costs associated with providing instructional activities that are designed to develop basic education and job training for adults. All of the funding for this program comes from tuition, classroom fees, grants and contributions.

Governmental Activities

Over the past several fiscal years, the Center has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The Center is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 39.89 percent and intergovernmental revenue made up 59.32 percent of the total revenue for the governmental activities in fiscal year 2013.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely as a result of inflation until the millage rate has been reduced to 2 mills. The Center's effective millage rate is currently at 2.0, while the operating millage rate is currently at 3.30 mills.

The Center's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2013, the Center received \$3,400,809 through the State's foundation program, which represents 43.32 percent of the total revenue for the governmental activities. The Center relies on this state funding to operate at the current levels of service.

Instruction accounts for 55.39 percent of governmental activities program expenses. Support services expenses make up 41.87 percent of governmental activities expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Business-Type Activities

Business-type activities include the rotary activities, the uniform school supplies and the adult education program. These programs had program revenues of \$931,228 and expenses of \$1,027,563 for fiscal year 2013. Over 74 percent of those program revenues were from charges for services for tuition and classroom materials and fees in the adult education program.

Table 3 shows the total cost of services and the net cost of services for fiscal year 2013 and a comparison to fiscal year 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2013	2013	2012	2012
<u>Program Expenses:</u>				
<i>Governmental Activities:</i>				
Instruction	\$4,093,935	\$3,589,903	\$4,419,650	\$3,828,330
Support Services	3,094,593	2,932,328	3,552,993	3,266,383
Operation of Non-Instructional Services	195,756	(21,988)	209,217	(5,612)
Extracurricular Activities	7,112	7,112	4,073	4,073
<i>Business-Type Activities:</i>				
Adult Education	955,187	76,748	1,032,153	101,555
Rotary	35,174	6,706	50,595	10,879
Uniform School Supplies	37,202	12,881	27,895	2,571
Total Expenses	<u>\$8,418,959</u>	<u>\$6,603,690</u>	<u>\$9,296,576</u>	<u>\$7,208,179</u>

The Center's Funds

The Center's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of \$8,112,513 and expenditures and other financing uses of \$7,531,647.

Total governmental funds fund balance increased by \$580,866. The increase in fund balance for the year was most significant in the General Fund, which increased \$707,279 or 25.56 percent. The increase in the General Fund was the result of decreases in expenditures and other financing uses during 2013.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
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(Unaudited)

Budget Highlights - General Fund

The Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a cash basis for receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal year, the Center amended its General Fund budget several times. The Center uses a modified program-based budget technique that is designed to control program budgets while providing administrators and supervisors flexibility for program management.

The Center prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis revenue was \$6,940,209 representing a \$31,209 increase from the original budget estimates of \$6,909,000. The final budget reflected a 0.45 percent increase from the original budgeted amount. For the General Fund, the final budget basis expenditures were \$6,678,393 representing an increase of \$89,906 from the original budget estimates of \$6,588,487. The final budget reflected a 1.36 percent increase from the original budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the Center had \$9.1 million invested in capital assets in the governmental activities and \$0.5 million in the business-type activities. These totals carry accumulated depreciation of \$7.9 million and \$0.4 million, respectively. Table 4 shows fiscal year 2013 balances compared to fiscal year 2012.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Table 4
Capital Assets & Accumulated Depreciation at Year End

	Governmental Activities		Business-Type Activities	
	2013	2012	2013	2012
<i>Nondepreciable Capital Assets:</i>				
Land	\$26,308	\$26,308	\$0	\$0
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	4,137,778	4,137,778	0	0
Furniture, Fixtures and Equipment	4,390,332	4,782,906	478,884	489,820
Vehicles	541,844	526,369	0	0
<i>Total Capital Assets</i>	9,096,262	9,473,361	478,884	489,820
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(4,017,334)	(4,008,186)	0	0
Furniture, Fixtures and Equipment	(3,404,503)	(3,688,353)	(357,624)	(357,758)
Vehicles	(430,616)	(412,360)	0	0
<i>Total Accumulated Depreciation</i>	(7,852,453)	(8,108,899)	(357,624)	(357,758)
Capital Assets, Net	\$1,243,809	\$1,364,462	\$121,260	\$132,062

More detailed information pertaining to the Center's capital asset activity can be found in the notes to the basic financial statements.

Debt Administration

At June 30, 2013, the Center had no general obligation debt outstanding.

Detailed information pertaining to the Center's only long-term liability activity can be found in the notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Current Issues

Although considered a mid-wealth district, the Center is financially stable, and has been over the past several years. As indicated in the preceding financial information, the Center is dependent on property taxes and state funding. State funding does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding from property taxes to meet inflation. Careful financial planning has permitted the Center to provide a quality education for our students.

Several important legislative and judicial actions have occurred that have had significant impact on the District. The Ohio Supreme Court ruled in March 1997 that the State of Ohio was operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." The State has not yet developed a school-funding plan that has been deemed acceptable by the Court, and ultimate resolution still seems to be some time in the future. The State's passage of HB 153 (July 2011) requires a new school funding formula which is being developed and may be introduced with the new State budget legislation in spring, 2013. Departments and agencies of the State have been asked to develop two scenarios for their biennial budget requests: flat funding and a 10% decrease. As the current economic climate lags, there remains concern that the State may not have the ability to fully fund the previously approved subsidies for primary and secondary education in the current State budget; the MBR legislation (HB 487) passed in June, 2012 provides no increase in public education funding. The biennial budget which was approved by the State in the summer of 2011 for fiscal years 2012 and 2013 has provided reduced funding for the District in both years of the budget cycle.

Residential growth has not eluded the Center over the past few years. Increasing numbers of housing developments are being approved. Residential/agricultural property contributes over 90 percent of the Center's property tax valuation.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it received. If you have any questions about this report or need additional information contact Laura Dukes, CPA, Treasurer of Tri-County Career Center, 15676 State Route 691, Nelsonville, OH 45764.

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TRI-COUNTY CAREER CENTER

Statement of Net Position

June 30, 2013

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$4,005,032	\$202,892	\$4,207,924
Property Taxes Receivable	3,311,124	0	3,311,124
Accounts Receivable	2,938	26,732	29,670
Intergovernmental Receivable	76,236	0	76,236
Prepaid Items	32,873	0	32,873
Inventory Held for Resale	1,828	0	1,828
Materials and Supplies Inventory	27,767	0	27,767
Nondepreciable Capital Assets	26,308	0	26,308
Depreciable Capital Assets, Net	1,217,501	121,260	1,338,761
<i>Total Assets</i>	<u>8,701,607</u>	<u>350,884</u>	<u>9,052,491</u>
<u>Liabilities:</u>			
Accounts Payable	12,344	1,185	13,529
Accrued Wages and Benefits	499,555	15,113	514,668
Intergovernmental Payable	69,865	1,032	70,897
Matured Compensated Absences Payable	1,808	0	1,808
<i>Long-Term Liabilities:</i>			
Due within One Year	97,720	8,312	106,032
Due in More Than One Year	349,295	2,839	352,134
<i>Total Liabilities</i>	<u>1,030,587</u>	<u>28,481</u>	<u>1,059,068</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes	2,592,590	0	2,592,590
<u>Net Position:</u>			
Net Investment in Capital Assets	1,243,809	121,260	1,365,069
<i>Restricted for:</i>			
Capital Projects	242,161	0	242,161
Other Purposes	132,441	0	132,441
Unrestricted	3,460,019	201,143	3,661,162
<i>Total Net Position</i>	<u>\$5,078,430</u>	<u>\$322,403</u>	<u>\$5,400,833</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
<u>Governmental Activities:</u>			
<i>Instruction:</i>			
Regular	\$237,167	\$0	\$47,993
Vocational	3,551,212	0	150,483
Adult/Continuing	305,556	0	305,556
<i>Support Services:</i>			
Pupils	343,327	0	59,289
Instructional Staff	100,839	0	0
Board of Education	111,828	0	0
Administration	706,917	0	0
Fiscal	413,910	0	0
Business	66,377	0	0
Operation and Maintenance of Plant	1,179,832	0	0
Pupil Transportation	2,038	0	0
Central	169,525	0	102,976
<i>Operation of Non-Instructional Services:</i>			
Food Services	195,756	33,131	184,613
Extracurricular Activities	7,112	0	0
<i>Total Governmental Activities</i>	<u>7,391,396</u>	<u>33,131</u>	<u>850,910</u>
<u>Business-Type Activities:</u>			
Adult Education	955,187	642,048	236,391
Rotary	35,174	28,468	0
Uniform School Supplies	37,202	24,321	0
<i>Total Business-Type Activities</i>	<u>1,027,563</u>	<u>694,837</u>	<u>236,391</u>
<i>Totals</i>	<u><u>\$8,418,959</u></u>	<u><u>\$727,968</u></u>	<u><u>\$1,087,301</u></u>

General Revenues:

Property Taxes Levied for:

General Purposes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$189,174)	\$0	(\$189,174)
(3,400,729)	0	(3,400,729)
0	0	0
(284,038)	0	(284,038)
(100,839)	0	(100,839)
(111,828)	0	(111,828)
(706,917)	0	(706,917)
(413,910)	0	(413,910)
(66,377)	0	(66,377)
(1,179,832)	0	(1,179,832)
(2,038)	0	(2,038)
(66,549)	0	(66,549)
21,988	0	21,988
(7,112)	0	(7,112)
<u>(6,507,355)</u>	<u>0</u>	<u>(6,507,355)</u>
0	(76,748)	(76,748)
0	(6,706)	(6,706)
0	(12,881)	(12,881)
<u>0</u>	<u>(96,335)</u>	<u>(96,335)</u>
<u>(6,507,355)</u>	<u>(96,335)</u>	<u>(6,603,690)</u>
3,131,345	0	3,131,345
3,806,056	0	3,806,056
6,088	0	6,088
<u>23,268</u>	<u>91,529</u>	<u>114,797</u>
6,966,757	91,529	7,058,286
<u>(25,000)</u>	<u>25,000</u>	<u>0</u>
<u>6,941,757</u>	<u>116,529</u>	<u>7,058,286</u>
434,402	20,194	454,596
<u>4,644,028</u>	<u>302,209</u>	<u>4,946,237</u>
<u>\$5,078,430</u>	<u>\$322,403</u>	<u>\$5,400,833</u>

TRI-COUNTY CAREER CENTER

*Balance Sheet
Governmental Funds
June 30, 2013*

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$3,582,082	\$422,950	\$4,005,032
Property Taxes Receivable	3,311,124	0	3,311,124
Accounts Receivable	2,938	0	2,938
Intergovernmental Receivable	0	76,236	76,236
Interfund Receivable	14,686	0	14,686
Prepaid Items	32,873	0	32,873
Inventory Held for Resale	0	1,828	1,828
Materials and Supplies Inventory	27,767	0	27,767
<i>Total Assets</i>	<u>\$6,971,470</u>	<u>\$501,014</u>	<u>\$7,472,484</u>
<u>Liabilities:</u>			
Accounts Payable	\$12,344	\$0	\$12,344
Accrued Wages and Benefits	441,531	58,024	499,555
Intergovernmental Payable	60,038	9,827	69,865
Interfund Payable	0	14,686	14,686
Matured Compensated Absences Payable	1,808	0	1,808
<i>Total Liabilities</i>	<u>515,721</u>	<u>82,537</u>	<u>598,258</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes	2,981,509	0	2,981,509
Unavailable Revenue	0	24,947	24,947
<i>Total Deferred Inflows of Resources</i>	<u>2,981,509</u>	<u>24,947</u>	<u>3,006,456</u>
<u>Fund Balances:</u>			
Nonspendable	63,692	0	63,692
Restricted	0	156,555	156,555
Assigned	195,217	242,161	437,378
Unassigned	3,215,331	(5,186)	3,210,145
<i>Total Fund Balances</i>	<u>3,474,240</u>	<u>393,530</u>	<u>3,867,770</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,971,470</u>	<u>\$501,014</u>	<u>\$7,472,484</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2013*

Total Governmental Funds Balances	\$3,867,770
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (\$22,775 is in the internal service fund not included)	1,221,034
Some of the Center's receivables will be collected after fiscal year-end, however are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:	
Property taxes	388,919
Intergovernmental revenue	<u>24,947</u>
Total receivables that are not reported in the funds	413,866
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:	
Compensated absences	(447,015)
An internal service fund is used by management to charge the costs of insurance to individual funds. The asset and liabilities of the internal service fund are allocated in governmental activities in the statement of net position.	<u>22,775</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$5,078,430</u></u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$3,183,485	\$0	\$3,183,485
Intergovernmental	3,806,056	860,485	4,666,541
Interest	5,861	227	6,088
Customer Sales and Services	0	33,131	33,131
Miscellaneous	7,207	16,061	23,268
<i>Total Revenues</i>	<u>7,002,609</u>	<u>909,904</u>	<u>7,912,513</u>
<u>Expenditures:</u>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	173,286	59,828	233,114
Vocational	3,330,436	168,136	3,498,572
Adult/Continuing	0	305,556	305,556
<i>Support Services:</i>			
Pupils	288,032	53,776	341,808
Instructional Staff	97,532	0	97,532
Board of Education	111,465	0	111,465
Administration	699,874	0	699,874
Fiscal	419,004	0	419,004
Business	68,934	0	68,934
Operation and Maintenance of Plant	803,015	347,176	1,150,191
Pupil Transportation	2,038	0	2,038
Central	69,392	99,214	168,606
Operation of Non-Instructional Services	250	202,631	202,881
Extracurricular Activities	7,072	0	7,072
<i>Total Expenditures</i>	<u>6,070,330</u>	<u>1,236,317</u>	<u>7,306,647</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>932,279</u>	<u>(326,413)</u>	<u>605,866</u>
<u>Other Financing Sources (Uses):</u>			
Transfers In	0	200,000	200,000
Transfers Out	(225,000)	0	(225,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(225,000)</u>	<u>200,000</u>	<u>(25,000)</u>
<i>Net Change in Fund Balances</i>	707,279	(126,413)	580,866
<i>Fund Balances at Beginning of Year</i>	<u>2,766,961</u>	<u>519,943</u>	<u>3,286,904</u>
<i>Fund Balances at End of Year</i>	<u>\$3,474,240</u>	<u>\$393,530</u>	<u>\$3,867,770</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2013*

Net Change in Fund Balances - Total Governmental Funds \$580,866

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (\$19 is the internal service fund depreciation not included) (117,915)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (\$114 is the internal service fund loss on disposal not included) (2,605)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:

Property taxes	(52,140)
Intergovernmental	(9,575)

Total receivables not reported in the funds (61,715)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Compensated absences 35,904

The internal service fund used by management to charge the cost of services to individual funds is not reported in the government-wide statement of activities. Governmental expenditures and the related internal service fund revenue is eliminated. The net revenue (expense) of the internal service fund is allocated among the activities. (133)

Change in Net Position of Governmental Activities \$434,402

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property Taxes	\$3,210,000	\$3,210,000	\$3,231,841	\$21,841
Intergovernmental	3,689,000	3,717,709	3,806,056	88,347
Interest	3,000	5,400	5,861	461
Miscellaneous	7,000	7,100	6,382	(718)
<i>Total Revenues</i>	<u>6,909,000</u>	<u>6,940,209</u>	<u>7,050,140</u>	<u>109,931</u>
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	208,908	204,958	200,749	4,209
Vocational	3,478,527	3,592,780	3,546,910	45,870
<i>Support Services:</i>				
Pupils	288,208	294,411	293,170	1,241
Instructional Staff	108,025	108,029	105,147	2,882
Board of Education	116,572	117,987	110,220	7,767
Administration	668,846	714,836	734,198	(19,362)
Fiscal	739,105	667,305	427,786	239,519
Business	85,112	85,523	65,292	20,231
Operation and Maintenance of Plant	825,677	822,007	839,687	(17,680)
Pupil Transportation	1,500	2,350	2,038	312
Central	56,500	56,700	69,392	(12,692)
Extracurricular Activities	11,507	11,507	6,246	5,261
<i>Total Expenditures</i>	<u>6,588,487</u>	<u>6,678,393</u>	<u>6,400,835</u>	<u>277,558</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>320,513</u>	<u>261,816</u>	<u>649,305</u>	<u>387,489</u>
<u>Other Financing Uses:</u>				
Transfers Out	(229,400)	(229,500)	(229,500)	0
<i>Total Other Financing Uses</i>	<u>(229,400)</u>	<u>(229,500)</u>	<u>(229,500)</u>	<u>0</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures and Other Financing Uses</i>	91,113	32,316	419,805	387,489
<i>Fund Balance at Beginning of Year</i>	2,870,108	2,870,108	2,870,108	0
Prior Year Encumbrances Appropriated	97,887	97,887	97,887	0
<i>Fund Balance at End of Year</i>	<u>\$3,059,108</u>	<u>\$3,000,311</u>	<u>\$3,387,800</u>	<u>\$387,489</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER

Statement of Net Position

Proprietary Funds

June 30, 2013

	Business-Type Activities			Governmental
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<u>Assets:</u>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$126,459	\$76,433	\$202,892	\$0
Accounts Receivable	23,273	3,459	26,732	0
<i>Noncurrent Assets:</i>				
Depreciable Capital Assets, Net	117,028	4,232	121,260	22,775
<i>Total Assets</i>	<u>266,760</u>	<u>84,124</u>	<u>350,884</u>	<u>22,775</u>
<u>Liabilities:</u>				
<i>Current Liabilities:</i>				
Accounts Payable	1,185	0	1,185	0
Accrued Wages and Benefits	15,113	0	15,113	0
Intergovernmental Payable	1,032	0	1,032	0
<i>Long-Term Liabilities:</i>				
Due Within One Year	8,312	0	8,312	0
Due in More than One Year	2,839	0	2,839	0
<i>Total Long-Term Liabilities</i>	<u>11,151</u>	<u>0</u>	<u>11,151</u>	<u>0</u>
<i>Total Liabilities</i>	<u>28,481</u>	<u>0</u>	<u>28,481</u>	<u>0</u>
<u>Net Position:</u>				
Invested in Capital Assets	117,028	4,232	121,260	22,775
Unrestricted	121,251	79,892	201,143	0
<i>Total Net Position</i>	<u>\$238,279</u>	<u>\$84,124</u>	<u>\$322,403</u>	<u>\$22,775</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013*

	Business-Type Activities			Governmental Activities
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<u>Operating Revenues:</u>				
Tuition	\$468,777	\$0	\$468,777	\$0
Sales	173,271	24,321	197,592	0
Charges for Services	0	28,468	28,468	0
Other Operating Revenues	91,442	87	91,529	0
<i>Total Operating Revenues</i>	<u>733,490</u>	<u>52,876</u>	<u>786,366</u>	<u>0</u>
<u>Operating Expenses:</u>				
Salaries	479,410	0	479,410	0
Fringe Benefits	172,072	0	172,072	0
Purchased Services	80,875	0	80,875	0
Materials and Supplies	177,175	71,616	248,791	0
Depreciation	34,840	760	35,600	19
Other Operating Expenses	10,524	0	10,524	0
<i>Total Operating Expenses</i>	<u>954,896</u>	<u>72,376</u>	<u>1,027,272</u>	<u>19</u>
<i>Operating Income (Loss)</i>	<u>(221,406)</u>	<u>(19,500)</u>	<u>(240,906)</u>	<u>(19)</u>
<u>Nonoperating Revenues (Expenses):</u>				
Federal and State Subsidies	236,391	0	236,391	0
Loss on Sale of Capital Assets	(291)	0	(291)	(114)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>236,100</u>	<u>0</u>	<u>236,100</u>	<u>(114)</u>
<i>Income (Loss) before Transfers</i>	14,694	(19,500)	(4,806)	(133)
Transfers In	25,000	0	25,000	0
<i>Change in Net Position</i>	39,694	(19,500)	20,194	(133)
<i>Net Position at Beginning of Year</i>	198,585	103,624	302,209	22,908
<i>Net Position at End of Year</i>	<u>\$238,279</u>	<u>\$84,124</u>	<u>\$322,403</u>	<u>\$22,775</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	Business-Type Activities			Governmental Activities
	Adult Education	Other Enterprise Funds	Total Enterprise Funds	Internal Service
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Sales	\$173,271	\$53,765	227,036	\$0
Cash Received from Tuition and Charges for Services	468,755	0	468,755	0
Other Cash Receipts	91,442	87	91,529	0
Cash Payments to Purchased Services	(80,875)	0	(80,875)	0
Cash Payments to Employees for Services	(479,160)	0	(479,160)	0
Cash Payments for Employee Benefits	(173,175)	0	(173,175)	0
Cash Payments for Goods and Services	(178,660)	(71,616)	(250,276)	0
Other Cash Payments	(10,524)	0	(10,524)	0
<i>Net Cash from Operating Activities</i>	<u>(188,926)</u>	<u>(17,764)</u>	<u>(206,690)</u>	<u>0</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Grants Received	236,391	0	236,391	0
Transfers In	25,000	0	25,000	0
<i>Net Cash from Noncapital Financing Activities</i>	<u>261,391</u>	<u>0</u>	<u>261,391</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Purchases of Capital Assets	(24,492)	(597)	(25,089)	0
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(24,492)</u>	<u>(597)</u>	<u>(25,089)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	47,973	(18,361)	29,612	0
<i>Cash and Cash Equivalents at Beginning of Year</i>	78,486	94,794	173,280	0
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$126,459</u>	<u>\$76,433</u>	<u>\$202,892</u>	<u>\$0</u>
<u>Reconciliation of Operating Income (Loss)</u>				
<u>to Net Cash from Operating Activities:</u>				
Operating Income (Loss)	(\$221,406)	(\$19,500)	(\$240,906)	(\$19)
<u>Adjustments to Reconcile Operating Income (Loss)</u>				
<u>to Net Cash from Operating Activities:</u>				
Depreciation	34,840	760	35,600	19
<i>(Increase) Decrease in Assets:</i>				
Accounts Receivable	(22)	976	954	0
<i>Increase (Decrease) in Liabilities:</i>				
Accounts Payable	737	0	737	0
Accrued Wages and Benefits	(1,972)	0	(1,972)	0
Intergovernmental Payable	(227)	0	(227)	0
Compensated Absences Payable	(876)	0	(876)	0
<i>Total Adjustments</i>	<u>32,480</u>	<u>1,736</u>	<u>34,216</u>	<u>19</u>
<i>Net Cash from Operating Activities</i>	<u>(\$188,926)</u>	<u>(\$17,764)</u>	<u>(\$206,690)</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2013

	<u>Agency</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$46,594</u>
<i>Total Assets</i>	<u>46,594</u>
<u>Liabilities:</u>	
Due to Students	<u>46,594</u>
<i>Total Liabilities</i>	<u><u>\$46,594</u></u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 1 - DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY

The Tri-County Career Center (the Center) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The Center includes eight participating District's spread throughout Athens, Hocking and Perry Counties.

The Center operates under an eleven-member Board of Education and is responsible for the provision of public education to residents of the Center. The Board of Education of the Center is not directly elected. The Board is made up from members of the elected boards of the participating school districts. The Board consists of five members from the three city school districts and six members from the two county educational service center districts. The Center has an enrollment of 415 students and is staffed by 30 classified, 50 certified and 4 administrative employees.

Reporting Entity

The financial reporting entity consists of the stand-alone government, component units, and other governmental organizations that are included to ensure the financial statements of the Center are not misleading or incomplete. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For the Center, this includes general operations, student guidance, extra-curricular activities, educational media, care and upkeep of grounds and buildings, food service, and adult education.

Component units are legally separate organizations for which the Center appoints a voting majority of the organization's governing board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organizations' resources; the Center is legally obligated or has otherwise assumed the responsibility to finance the organization; or the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approved the budget, the issuance of debt, or the levying of taxes. No separate governmental units meet the criteria for inclusion as a component unit.

The Center is involved with the Southeastern Ohio Voluntary Education Cooperative (SEOVEC), Southeastern Ohio Special Education Regional Resource Center (SERRC), and the Athens County School Employees Health and Welfare Benefit Association, and Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations. The Center is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Program which is defined as an insurance purchasing pool. These organizations are presented in Notes 17 and 18 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Center's accounting policies are described below.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Basis of Presentation

The Center's basic financial statement consists of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the Center that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental activities of the Center at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Center.

Fund Financial Statements

During the year, the Center segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Center at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The Center uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Center fall within three categories: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Center are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following is the Center's major governmental fund:

General Fund - This fund is the operating fund of the Center and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the Center for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the Center account for grants and other resources of the Center whose use is restricted to a particular purpose.

Proprietary Funds

The focus of proprietary funds is on the determination of the change in net position, financial position and cash flows. An internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Center, or to other governments, on a cost reimbursement basis. The only internal service fund of the Center accounts for the activities of an educational media resource center. Enterprise funds may be used to account for any activities for which a fee is charged to external users for goods or services.

The following is the Center's only major proprietary fund:

Adult Education Fund - This fund is used to account for transactions made in connection with adult education classes.

The other proprietary funds of the Center account for transactions made in connection with tools and supplies provided to and rotary accounts maintained for the vocational education classes.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center's only fiduciary fund is an agency fund which is used to account for student-managed activities.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Center are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Center finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the fiduciary fund are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Center, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at the fiscal year-end: property taxes available for advance, grants, tuition and student fees, and interest.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to the liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Center unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Center records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During the fiscal year 2013, the Center's investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2013.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2013 amounted to \$5,861 which includes \$874 assigned from other Center funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Center are presented on the financial statements as cash equivalents.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption and donated and purchased food held for resale. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed, used or sold.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The Center maintains a capitalization threshold of three hundred dollars. The Center does not possess any infrastructure. Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for governmental and business-type activities:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	5 - 10 years
Vehicles	10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable" and "Interfund Payable". These amounts are eliminated in the governmental activities column of the statement of net position.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributed to services already rendered and it is probable that the Center will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Center has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Center's termination policy. The Center records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 15 years of service with the Center.

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities and long-term liabilities are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination of benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Long-term liabilities are recognized as a liability on the fund financial statements when due.

L. Net Position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net position invested in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Net position restricted for other purposes is primarily for federal and state grants reported in the Special Revenue Funds.

The Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the Center's restricted net position of \$374,602, none is restricted by enabling legislation.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – The committed fund balance category includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Center’s Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned –Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Center’s Board of Education.

Unassigned – The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Center considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the Center considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Center, these revenues are tuition, classroom fees and charges for services for the adult education program, vocational education classes and internal services activities. Operating expenses are necessary costs incurred to provide the service that is the primary activity of that fund.

O. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

Q. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2013.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 3 - NEW GASB PRONOUNCEMENTS

For fiscal year 2013, the District implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus", and GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," and GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". The implementation of GASB Statement No. 60, 61, 62, 63 and 65 had no effect on the prior period fund balances or net position of the Center.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the Center is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund on the budget basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed or assigned fund balance (GAAP basis).
4. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The following tables summarize the adjustments necessary to reconcile the GAAP and budget basis statements for the General Fund:

Net Change in Fund Balance	
GAAP Basis	\$ 707,279
<i>Adjustments:</i>	
Revenue Accruals	48,322
Expenditure Accruals	(527,845)
Encumbrances	192,122
<i>Prospective Difference:</i>	
Activity of Funds Reclassified For GAAP Reporting Purposes	(73)
Budget Basis	\$419,805

NOTE 5 - ACCOUNTABILITY

Fund balances at June 30, 2013 included the following individual fund deficits:

Nonmajor Special Revenue Funds:

Miscellaneous State Grants	\$450
Driver's Education Grant	250
Vocational Education Grant	2,226
Miscellaneous Federal Grants	2,260

The deficit in each of these funds is the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. These deficits will be eliminated as future expected revenues are received. These deficits do not exist on the cash basis. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS

State statutes require the classification of monies held by the Center into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Center Treasury, in commercial accounts payable, or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

Inactive deposits are public deposits that the Board has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including pass book accounts.

Public depositories must give security for all public funds on deposit. Protection of the Center deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes, for a period not to exceed one hundred and eighty days, in an amount not to exceed twenty-five percent of interim moneys available for investment at any time; and
8. Under limited circumstances, debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Center's deposits may not be returned. All deposits are collateralized with eligible securities. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Center.

At June 30, 2013, the carrying amount of all the Center deposits was \$4,056,633. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2013, \$4,479,937 of the Center's bank balance of \$4,729,937 was exposed to custodial risk as discussed above, while \$250,000 was covered by Federal Deposit Insurance. The \$4,479,937 exposed to custodial risk was collateralized with securities held by the Center or its agency in the Center's name.

Investments: As of June 30, 2013, the Center had the following investments and maturities:

Investment Type	Fair Value	6 Months or Less
STAR Ohio	\$197,885	\$197,885
Totals	\$197,885	\$197,885

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Center's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Standard and Poor's has assigned STAROhio an "AAAm" money market rating.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Center's investment policy allows investments in eligible securities as described in the Ohio Revised Code.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the Center will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Center policy provides that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the Center or not.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

The classification of cash and cash equivalent on the basic financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents on the basic financial statements and the classification of deposits and investments in GASB Statement No. 3 follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$4,254,518	\$0
<i>Investments:</i>		
STAR Ohio	(197,885)	197,885
GASB Statement No. 3	\$4,056,633	\$197,885

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located within the Center's boundaries. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at varying percentages of true value (with certain exceptions) and on real property at thirty-five percent of true value.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second - Half Collections		2013 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,487,778,360	90.17%	\$1,499,464,590	90.33%
Public Utility Personal	162,117,700	9.83%	160,517,160	9.67%
Total Assessed Value	\$1,649,896,060	100.00%	\$1,659,981,750	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$3.30		\$3.30	

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 7 - PROPERTY TAXES - (Continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

The Center receives property taxes from Athens, Hocking, Meigs, Morgan, Perry, and Vinton Counties. The County Auditor of each county periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by each county by June 30, 2013 is available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2013. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The Center had \$329,615 available for advance to the General Fund at June 30, 2013.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2013 consisted of taxes, accounts (tuition and fees), intergovernmental grants and entitlements, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivable follows:

<i>Nonmajor Special Revenue Funds:</i>	
Vocational Education	\$51,289
Title IIA	1,550
Miscellaneous Federal Grants	<u>23,397</u>
<i>Total Nonmajor Special Revenue Funds</i>	<u>76,236</u>
Total Intergovernmental Receivable	<u><u>\$76,236</u></u>

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 9 - CAPITAL ASSETS

Capital asset governmental activity for the fiscal year ended June 30, 2013 was as follows:

Asset Category	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Governmental Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$26,308	\$0	\$0	\$26,308
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	4,137,778	0	0	4,137,778
Furniture, Fixtures and Equipment	4,782,906	135,791	(528,365)	4,390,332
Vehicles	526,369	15,475	0	541,844
Total Depreciable Capital Assets	9,447,053	151,266	(528,365)	9,069,954
Total Capital Assets	9,473,361	151,266	(528,365)	9,096,262
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(4,008,186)	(9,148)	0	(4,017,334)
Furniture, Fixtures and Equipment	(3,688,353)	(241,796)	525,646	(3,404,503)
Vehicles	(412,360)	(18,256)	0	(430,616)
Total Accumulated Depreciation	(8,108,899)	(269,200)	525,646	(7,852,453)
Total Net Capital Assets	\$1,364,462	(\$117,934)	(\$2,719)	\$1,243,809

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$2,852
Vocational	198,547
<i>Support Services:</i>	
Pupils	7,148
Instructional Staff	3,307
Board of Education	363
Administration	5,926
Fiscal	3,247
Business	1,082
Operation and Maintenance of Plant	40,127
Central	237
Operation of Non-Instructional Services	6,324
Extracurricular Activities	40
Total Depreciation Expense	\$269,200

Capital asset business-type activity for the fiscal year ended June 30, 2013 was as follows:

Asset Category	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Business-Type Activities:				
<i>Depreciable Capital Assets:</i>				
Furniture, Fixtures and Equipment	\$489,820	\$25,089	(\$36,025)	\$478,884
<i>Accumulated Depreciation:</i>				
Furniture, Fixtures and Equipment	(357,758)	(35,600)	35,734	(357,624)
Business-Type Activities Capital Assets, Net	\$132,062	(\$10,511)	(\$291)	\$121,260

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 10 - RISK MANAGEMENT

The Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the Center contracted with Reed & Baur Insurance Agency Inc. for property and fleet insurance, inland marine insurance, liability insurance and employee blanket bond, and with the Ohio School Boards Association Bond Program for public official bonds. Coverages provided at June 30, 2013 are as follows:

Building and Contents-replacement cost (\$2,500 deductible)	\$30,065,000
Inland Marine Coverage (\$500 deductible)	720,000
Automobile Liability (\$500 deductible)	3,000,000
Automobile Medical Payments	5,000
Uninsured Motorists (\$0 deductible)	1,000,000
<i>General Liability:</i>	
Fire Damage Limit (any one fire)	100,000
Per Occurrence	3,000,000
Total Per Year	5,000,000
School Leaders Errors and Omissions (\$2,500 deductible)	3,000,000
<i>Public Official Bonds:</i>	
Treasurer	250,000
Superintendent, Board President, Board Vice-President (each)	20,000
Employee Blanket Bond (\$500 deductible)	100,000

Settled claims have not exceeded this commercial coverage in any of the past three years. No significant changes in coverage from last year.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 10 - RISK MANAGEMENT - (Continued)

Workers' Compensation

For fiscal year 2013, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school district is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Plan Description - The Center contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal years ending June 30, 2013, the allocation to pension and death benefits is 13 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The Center's contributions to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$188,677, \$187,890, and \$178,920, respectively; 100 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal year 2012 and 2011.

State Teachers Retirement System

The Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 11- DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Options - New members have a choice of three retirement plans options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money amount various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio’s public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 11- DEFINED BENEFIT PENSION PLANS - (Continued)

A retiree of STRS Ohio or another Ohio public retirement system is eligible for re-employment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the re-employed member and employer during the re-employment. Upon termination of re-employment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A re-employed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to healthcare coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2013, were 10% of covered payroll for members and 14% for employers. The Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$460,395, \$520,838 and \$555,124, respectively; 90.55 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011. Member and employer contributions actually made for DC and Combined Plan participants will be provided upon written request.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2012 Comprehensive Annual Financial Report are available.

Additional information or copies of STRS Ohio's 2012 Comprehensive Annual Financial Report can be requested by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll-free 1-888-227-7787, or by visiting the STRS Ohio Web site at www.strsoh.org.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2013, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 12 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Postemployment Benefits – In addition to a cost-sharing multiple employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan - The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For 2013, this actuarially required allocation is 0.74. The Center's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$10,802, \$11,096 and \$11,514, respectively; 100 percent for the fiscal years 2013, 2012 and 2011.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation is 0.16 percent. An addition health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contributions assigned to health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$18,413, \$35,073 and \$39,198, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

State Teachers Retirement System

Plan Description – State Teachers Retirement System of Ohio (STRS Ohio) administers a pension plan that is comprised of: a Defined Benefits Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefits Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. The Center's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$35,415, \$40,064 and \$42,702 respectively; 100 percent for the fiscal years 2013, 2012 and 2011.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators (including the Superintendent and Treasurer) earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is not paid to classified employees upon termination of employment; however, employees are encouraged to exhaust accumulated and unused vacation time prior to termination. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 320 days for teachers, administrators and classified employees. Upon retirement, teachers, administrators and classified employees receive one-fourth of the total sick leave accumulation up to a maximum of eighty (80) days.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the Center's long-term liabilities for governmental activities during fiscal year 2013 were as follows:

	<u>Principal Outstanding at July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding at June 30, 2013</u>	<u>Amount Due In One Year</u>
<i><u>Governmental Activities:</u></i>					
Compensated Absences Payable	\$482,919	\$176,206	\$212,110	\$447,015	\$97,720

Compensated absences for governmental activities will be paid from the fund from which the employee is paid.

The changes in the Center's long-term liabilities for business-type activities during fiscal year 2013 were as follows:

	<u>Principal Outstanding at July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding at June 30, 2013</u>	<u>Amount Due In One Year</u>
<i><u>Business-Type Activities:</u></i>					
Compensated Absences Payable	\$12,027	\$12,973	\$13,849	\$11,151	\$8,312

Compensated absences for business-type activities will be paid from the Adult Education Fund.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 15 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Center is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General	Nonmajor Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>			
Prepays	\$32,873	\$0	\$32,873
Inventory	27,767	0	27,767
Unclaimed Monies	3,052	0	3,052
<i>Total Nonspendable</i>	63,692	0	63,692
 <i>Restricted:</i>			
<i>Special Revenues:</i>			
Food Service	0	47,051	47,051
Special Trust	0	89,585	89,585
Local Education Grants	0	19,919	19,919
<i>Total Restricted</i>	0	156,555	156,555
 <i>Assigned:</i>			
<i>Encumbrances:</i>			
Regular	448	0	448
Vocational	163,182	0	163,182
Instructional Staff	57	0	57
Board of Education	1,674	0	1,674
Operation and Maintenance of Plant	26,761	0	26,761
Public School Support	3,095	0	3,095
Permanent Improvement	0	242,161	242,161
<i>Total Assigned</i>	195,217	242,161	437,378
 <i>Unassigned</i>	 3,215,331	 (5,186)	 3,210,145
 <i>Total Fund Balances</i>	 \$3,474,240	 \$393,530	 \$3,867,770

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 16 - INTERFUND ACTIVITY

As of June 30, 2013, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$14,686	\$0
<i>Nonmajor Special Revenue Funds:</i>		
Food Service	0	10,000
Miscellaneous State Grants	0	450
Driver's Education	0	250
Vocational Education Grant	0	3,986
Total Nonmajor Special Revenue Funds	0	14,686
Totals	\$14,686	\$14,686

The balance of \$14,686 due to the General Fund from the funds listed is the result of loans made from the General Fund to these funds.

	Nonmajor Capital Projects	Adult Education	Total
Transfers From General	\$200,000	\$25,000	\$225,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Southeastern Ohio Voluntary Education Cooperative

The Southeastern Ohio Voluntary Education Cooperative (SEOVEC) is a jointly governed organization created as a regional council of governments pursuant to State Statutes. SEOVEC has 28 participants consisting of 24 school districts and 4 educational service centers. SEOVEC provides financial accounting services, educational management information system, and cooperative purchase services to member districts. Each member district pays an annual fee for services provided by SEOVEC. SEOVEC is governed by a board of directors which is selected by the member districts. Each district has one vote in all matters; and each member district's control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the board of directors. The continued existence of SEOVEC is not dependent on the Center's continued participation and no equity interest exists. SEOVEC has no outstanding debt. The Center made a payment of \$32,848 for membership in fiscal year 2013. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative, at 221 North Columbus Road, P.O. Box 1250, Athens, Ohio 45701.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS- (Continued)

Southeastern Ohio Special Education Regional Resource Center

The Southeastern Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, representatives of county boards of MR/DD, Ohio University and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The Center's Superintendent is on the SERRC Board. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

Athens County School Employees Health and Welfare Benefit Association

The Center is a participant in a consortium of seven districts to operate the Athens County School Employees Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop-loss insurance coverage, and Coresource to provide administration of its dental benefits. The Association is governed by a Board of Directors consisting of one representative of each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 735, Kenton, Ohio 43326.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various inservice for school district administrative personnel; gathers of data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the Center and the Center does not maintain an equity interest in or financial responsibility for the Council. The Center made no significant payments for membership in fiscal year 2013.

NOTE 18 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 19 - CONTINGENCIES

A. Grants

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2013, if applicable, cannot be determined at this time.

B. Litigation

The Center is involved in no pending litigation that would have a material effect on the financial condition of the Center.

NOTE 20 - STATUTORY SET-ASIDES

The following changes occurred in the Center's set-aside reserve accounts during fiscal year 2013:

	<u>Capital Improvements</u>
Set-Aside Balance as of July 1, 2012	\$0
Current Year Set-Aside Requirement	81,759
Qualifying Disbursements	<u>(514,880)</u>
Total	<u>(\$433,121)</u>
Set-Aside Balance as of June 30, 2013	<u>\$0</u>
Total Restricted Assets	<u>\$0</u>

Effective July 1, 2012 the textbook set-aside is no longer required and has been removed from the existing law. This balance is therefore not being presented as being carried forward to the future fiscal year. Although the Center had qualifying disbursements during the year that reduced the set-aside amount to below zero for the capital improvement set-asides, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is therefore not presented as being carried forward to future years.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 21 – ENCUMBRANCE COMMITMENTS

At June 30, 2013, the Center had encumbrance commitments in the Governmental Funds as follows:

<u>Major Fund</u>	
General	\$192,122
 <u>Nonmajor Funds</u>	
Permanent Improvement	235,443
Food Service	444
Vocational Education	47,304
Total Nonmajor Funds	<u>283,191</u>
 Total Encumbrances	 <u><u>\$475,313</u></u>

NOTE 22 – CONTRACTUAL COMMITMENTS

As of June 30, 2013, the Center had contractual purchase commitments for various projects related to the Center's renovations and new construction. The amount for each project is as follows.

<u>Contractor</u>	<u>Trade</u>	<u>Contract Amounts</u>	<u>Amounts Paid as of June 30, 2013</u>	<u>Amounts Remaining on Contracts</u>
Nations Roof of Ohio	Smith-Parkins Roof	\$488,700	(\$262,283)	\$226,417
RVC Architects, Inc.	Architect Services for Smith-Parkins Roof	35,200	(26,696)	8,504
Hoon, Inc.	Cosmetology Lab Remodel	47,364	0	47,364
Hedges Carpet Barn	Cosmetology Lab Remodel Flooring	18,414	0	18,414
RVC Architects, Inc.	Architect Services for Cosmetology Lab	7,003	(2,328)	4,675
Total		<u><u>\$596,681</u></u>	<u><u>(\$291,307)</u></u>	<u><u>\$305,374</u></u>

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**TRI-COUNTY CAREER CENTER
ATHENS COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2013	10.555	\$ 17,962	\$ 17,962
Cash Assistance:				
School Breakfast Program	2013	10.553	66,731	66,731
National School Lunch Program	2013	10.555	112,949	112,949
Cash Assistance Subtotal			<u>179,680</u>	<u>179,680</u>
Total Child Nutrition Cluster			<u>197,642</u>	<u>197,642</u>
Total U.S. Department of Agriculture			197,642	197,642
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Direct from Federal Government:</i>				
Federal Pell Grant Program	2012	84.063	24,870	24,870
	2013		280,686	280,686
Total Federal Pell Grant Program			<u>305,556</u>	<u>305,556</u>
Rural Education	2012	84.358	32,731	32,731
	2013		21,874	21,874
Total Rural Education			<u>54,605</u>	<u>54,605</u>
<i>Passed Through Ohio Department of Education:</i>				
Career and Technical Education - Basic Grants to States	2012	84.048	30,316	28,196
	2013		266,404	270,389
Total Career and Technical Education - Basic Grants to States			<u>296,720</u>	<u>298,585</u>
Improving Teacher Quality State Grants	2013	84.367	2,943	2,943
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants	2013	84.395	700	700
Total U.S. Department of Education			<u>660,524</u>	<u>662,389</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 858,166</u>	<u>\$ 860,031</u>

The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.

**TRI-COUNTY CAREER CENTER
ATHENS COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Center's federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

The Center commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Center assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The Center reports commodities consumed on the Schedule at fair value. The Center allocated donated food commodities to the respective program that benefited from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Tri-County Career Center
Athens County
15676 St. Rt. 691
Nelsonville, Ohio 45764

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-County Career Center, Athens County, Ohio (the Center), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated January 24, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Center's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Center's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

January 24, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Tri-County Career Center
Athens County
15676 St. Rt. 691
Nelsonville, Ohio 45764

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Tri-County Career Center's, Athens County, Ohio (the Center), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Center's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the Center's major federal program.

Management's Responsibility

The Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Center's compliance for each of the Center's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Center's major program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on the Major Federal Program

In our opinion, the Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affects its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

January 24, 2014

**TRI-COUNTY CAREER CENTER
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Career and Technical Education – Basic Grants to States, CFDA #84.048 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURE

Tri-County Career Center
Athens County
15676 St. Rt. 691
Nelsonville, Ohio 45764

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Tri-County Career Center, Athens County, Ohio (the Center), has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on October 16, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

Columbus

January 24, 2014

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Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110
www.ohioauditor.gov

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TRI-COUNTY CAREER CENTER

ATHENS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 25, 2014**